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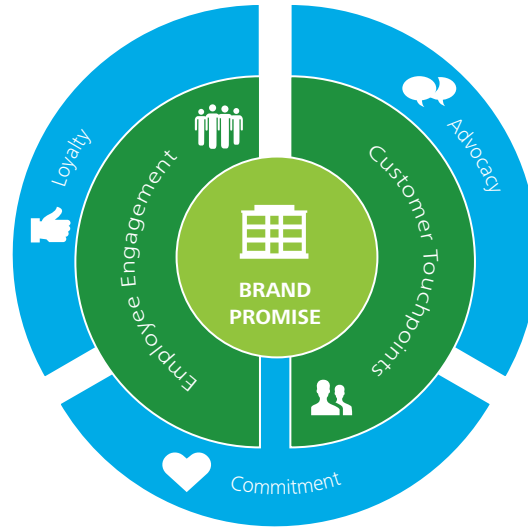
The value of a  
brand promise

## Beyond the guest experience

It's clear that hotel loyalty is garnered through a strong, positive, impactful experience—but what helps differentiate that experience?

Deloitte has explored the characteristics of hotel customer loyalty and found that, underlying the guest experience, a hotel's brand promise can have a strong impact on business results. Knowing what your brand stands for—and *delivering on that promise*—can serve as a key to long-term success.

Recent findings show that a clearly defined and credible brand promise can help generate rebooking, ancillary spending, and brand advocacy.



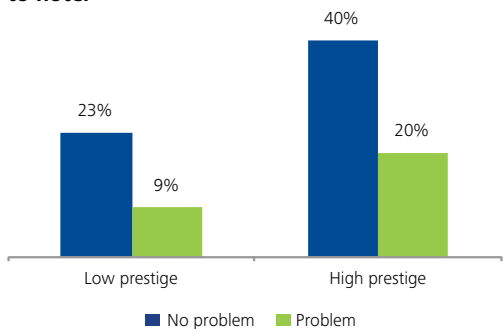
## What is the impact of a differentiated brand promise?

Loyalty and commitment are strongest when a brand offers a *differentiated brand promise* and consistently delivers on that promise by providing an outstanding *experience*. Building and executing on a brand promise through reputation and prestige can build a hotel guest's commitment and earn strong customer loyalty.

Research findings from J.D. Power's North American Hotel Guest Satisfaction Index Study<sup>1</sup> show that, setting experience aside, a 1% increase in a hotel's brand promise (as defined by the strength of its reputation) can improve a guest's intent to recommend the hotel by over 3% and intent to rebook by over 4.5%.

Yet that same study shows something perhaps even more impressive: A guest appears to be more forgiving of a less-than-satisfying experience at a hotel with a strong brand promise than one with a weaker brand promise.

### % definitely will return to hotel



Source: J.D. Power, 2015 North America Hotel Guest Satisfaction Index Study

Guests who experience a problem at a hotel are less likely to return to that hotel than those who do not experience a problem. This is both unsurprising and true regardless of the hotel's brand promise. However, guests who experienced a problem at a "high prestige" hotel are more than twice as likely to return as guests who experienced a problem at a "low prestige" hotel (20% vs. 9%). In fact, "high prestige" hotel guests who experienced a problem are nearly as likely to return as "low prestige" hotel guests who experienced no problem at all (20% vs. 23%). Therein lies the real power of a strong brand promise; it makes guests more forgiving of a problem when it occurs.

<sup>1</sup>The 2015 North America Hotel Guest Satisfaction Index Study is based on responses gathered between June 2014 and May 2015 from more than 62,000 guests in Canada and the United States who stayed at a hotel in North America between May 2014 and May 2015. The study covers eight hotel segments: luxury, upper upscale, upscale, upper midscale, midscale, economy/budget, upper extended stay and extended stay and ranks over 70 hotel brands. See more at <http://www.jdpower.com/press-releases/2015-north-america-hotel-guest-satisfaction-index-study>

With that impact on customer behavior, the financial implications are clear. Similar findings are also reported by other leading researchers.<sup>2</sup>

### What comprises a differentiated brand promise?

Knowing what your brand stands for and what it means to both your customers and employees can be a key differentiator between hoteliers that thrive versus those that simply survive. A brand promise is guided by a vision for the lasting impact it hopes to have on guests. It is executed through developing property leaders and staff who live and embody brand values and standards and a brand culture that permeates how employees engage with each other and guests on a daily basis.

It is through both the property tangibles and guest treatment that the experience is derived, but that experience—and everything that drives it—should be designed around and informed by the brand promise.

Leading hoteliers work hard, not only to define their promise, but also to engage their staff on how to deliver on that promise at each property, and in every element of a guest's experience.

The best brands are able to deliver an employment experience to employees in the same way they deliver a brand promise to guests. This connects their employees to their brand promise in a way that truly resonates and is relevant to them, so that these employees can in turn deliver a differentiated and emotionally satisfying experience to guests.

### So what's the bottom line?

Hotels with year-over-year increases in guest satisfaction earn corresponding gains in both loyalty and market share. However, hotels in all segments can improve their financial outcomes by ensuring the brand promise is strong and central to their brand culture, and in making delivery on that promise their main focus. The essence of what drives customer experience—people, process, price, and product—should be shaped by an unshakable fidelity to the brand's promise.

## Executing on your brand promise:

### *Measure, monitor, and train!*

You developed a brand promise that embodies your brand values and differentiates your brand from competitors—so what now? Here are three important areas to consider when executing on your brand promise:

- 1. Measure** how well your brand promise resonates among both employees and customers. Do your employees understand the brand promise, are they committed to fulfilling it and, just as importantly, do they believe senior leadership shares this commitment? When presented with your brand promise, do customers consider it appealing, unique, and believable? Based on their recent experiences, do they feel you are doing a good job of delivering on your promise?
- 2. Monitor** how well you deliver on your brand promise and create standards that *operationalize* the brand promise. **Measure** performance on those standards through regularly scheduled evaluations. For example, Hotel Brand X has made *personalized guest experiences* a part of their brand promise. To support this promise, they created standards that call for every guest to be greeted by name when they arrive and to receive a welcome amenity in their room that reflects their personal preferences (e.g. wine, fresh fruit, chocolates, etc.). An on-site evaluation would verify that these standards were met.
- 3. Finally, ongoing training** is important to help internal operations deliver on your brand promise consistently, reinforcing the message with customers and strengthening your brand's reputation.

<sup>2</sup>Keshav Prasad and Chekitan S. Dev, "Managing Hotel Brand Equity: A Customer-centric Framework for Assessing Performance," Cornell Hotel and Restaurant Administration Quarterly, 2000, accessed at: <http://www.rinascite.it/wordpress/wp-content/uploads/2011/12/Brand-Equity-e-la-Rinascita.pdf>. See, also, John W. O'Neill and Anna S. Mattila, "Hotel Brand Strategy", Cornell Hospitality Quarterly, February 2010, accessed at: <http://ishc.com/wp-content/uploads/Hotel-Brand-Strategy-Article2.pdf>

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# Center for Industry Insights

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